



NEWSLINE

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Chairman's Report

by Howard Phillips

The members of the Tennessee Auctioneer Commission (TAC) have elected me as the Chairman. I will do my very best to lead the TAC during the current term. There are a number of items to be addressed that are being considered at this time.

I want to thank Mr. Charles Woodard for his service to the TAC and the licensees over the past year as Chairman. Charles has devoted a significant amount of time to the TAC, and under his leadership there were significant changes made to insure that the consumers of Tennessee were protected and the licensees were provided a level playing field. Thank you, Commissioner Woodard, for your tireless and dedicated service to the auctioneers of this State.

In this issue you will find a list of those licensees that have been the subject of complaints and the disposition of those complaints. The TAC makes every effort to deal fairly with licensees who violate the law or break TAC rules. The identity of the person or firm is not revealed to the TAC members during discussions of the case. I encourage all licensees to take the time to read this and other newsletters in order to keep current on changes that will impact your business.

The TAC continues to deal with violations with regard to the new rules that went into effect one year ago. Those rules have been printed in two previous issues of this newsletter and appear here for the third time. The violations with regard to advertising, absolute auctions and buyer's premiums continue to come in to the TAC office.

An Absolute Auction is an auction that has no contingencies. The property is offered to the public with the certainty that title to the property will pass to the highest bidder unencumbered by any liens, mortgages, infringements, or title problems. Absolute Auctions contingent on a bid above the amount of the mortgage are not allowed.

There are new advertising rules that require an auctioneer to be diligent in the manner in which advertising is presented. Bankruptcy auctions require a case number to be displayed. If you have items that are selling "absolute" and items that will be subject to a

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COMMISSION MEMBERS AND STAFF

Howard Phillips, Chairman

Term 11/30/00 - 8/31/03

Jana Wilson, Secretary

Term 10/14/99 - 8/31/02

Jay Whirley, Board Member

Term 5/24/00 - 8/31/04

Charles Woodard, Board Member

Term 9/1/98 - 8/31/04

James Brock, Consumer Member

Term 9/1/01 - 8/31/04

Lynn McGill, Administrative Director

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kmcroom@mail.state.tn.us

Sandra Cooper, License Technician

Dennis Hodges, Investigator

dhodges@mail.state.tn.us

MISSION STATEMENT:

The mission of the Tennessee Auctioneer Commission is to protect the public and licensees by monitoring the auctioneer profession through licensure and regulation.

Vision:

To remain a premier regulatory board operating at maximum efficiency, providing exemplary consumer protection and enhanced quality improvement for licensees while recognizing that these are changing times that the nature of profession services must change accordingly and so should we as regulators.

PAY ATTENTION TO NEW ADVERTISING RULES

(Reprinted by request)

Advertising is the life-blood of a good auction business. Auction firms spend thousands of dollars each year giving the public notice of the real estate and personal property that they have to offer at auction. We owe it to the consumer to provide accurate information in our auction ads.

The Tennessee Auctioneer Commission issued new rules in May of 2001 in the spirit of making competition fair and providing the consumer accurate information. There continues to be confusion and violations of the advertising rules. This article is designed to provide you additional information with regard to the advertising issue.

Let me suggest that you review your auction logo to make sure that the information on your logo is accurate. Your auction logo should display the name of your auction firm as it exists on your firm license. You cannot hold a firm license in the name of ABC Auction Company and advertise as EFG Auction Company. Your auction logo should also display your firm license number. If you list the names of auctioneers and apprentice auctioneers that are members of your firm, you must designate which licensees are auctioneers and those that are apprentices. You should never list the name of an apprentice without denoting he/she is an apprentice. You should always include the name of the principal auctioneer in any ad where an apprentice auctioneer's name is displayed.

The banner at the top of the auction ad should let the consumer know if the auction is to be presented as an "Absolute Auction" or a "Reserve Auction." The term "Absolute Auction" indicates that it is an auction "with no reservations or contingencies" and that ownership will be transferred to a new owner. If an auction is advertised as an "Absolute Auction," the auctioneer must take steps to assure the public that the property will sell regardless of price and that there are no shills or by-bidders present for the purpose of artificially driving up the bids.

The terms At Auction, Public Auction, Auction Sale, or simply Auction indicates to the public that the auction may be "with reserve" and that the property may or may not sell at the highest bid price. The auctioneer should be fair and open with

potential bidders and let them know the terms and conditions of the auction before the actual sale process begins.

If an auction firm has items that are to sell absolute and items that will carry a reserve, they may be listed in the same ad as long as the absolute items are listed separately from the reserve items and the heading indicating the absolute items and the reserve items are of the same font size and style. It should be clear to the reader of the ad as to which items are selling absolute and which items are with reserve.

The use of a buyer's premium at auctions in Tennessee has been expanding over the past ten years. I will not debate the pros and cons of the buyer's premium in this column. I will say that the buyer's premium can be viewed as another tool that the auctioneer has the option of using. If both a seller and auction firm agree to use the buyer's premium, then that agreement should be a part of the auction contract. All advertising giving notice of the auction should clearly state that a buyer's premium will be charged to the buyers and the amount of the buyer's premium.

Many auction firms hold bankruptcy auctions for bankruptcy trustees. In the past, the TAC has reviewed complaints where auction firms have falsely advertised that their auctions were authorized by the bankruptcy courts. In order to give the consumer and the TAC information that can be used to check the validity of bankruptcy auctions, auction firms are required to include the bankruptcy court case number assigned by the court on all advertising promoting a bankruptcy auction.

In addition to complying with the letter of the law, auctioneers and apprentice auctioneers have a professional and ethical responsibility to the potential bidders to lay out the ground rules of the auction before it begins and comply with those rules. Auction firms have a responsibility first to their seller and client and secondly to the public consumer that attends and buys at the auction. Paying attention to the details of the auction and properly conveying the information to the public is important.

If you have questions about advertising, feel free to call the TAC and talk with the staff. We will do everything we can to answer your questions promptly and accurately.

**TAC Board Meeting
Monday, July 1, 2002.**

(Continued next column)

Chairman's Report (Continued from page 1)

"reserve" you must separate them in the ad and display equal size headings denoting the two distinct sections. If you are applying a buyer's premium at your auction, you are required to state that fact in all advertising and include the information in your pre-sale announcements.

Each licensee has the personal responsibility to keep current on changes in the law and apply them to their daily practice. The next TAC Seminar will be in Jackson, Tennessee, on June 17th. The program will review the laws, rules, and policies of the TAC. If you have not attended one of these programs, we encourage you to attend the Jackson seminar.

DISCIPLINARY CORNER

Name	Date Paid	Amt. Paid	Action taken	Nature of offense
Albert M Hinchey	4/10/2002	\$1,000.00	Consent Order	Improper contract procedure
Rodney R Manning	4/10/2002	\$1,000.00	Consent Order	Improper contract procedure
Franklin C Hemphill	2/26/2002	\$500.00	Consent Order	Improper advertisement
J P King Inc	4/24/2002	\$100.00	Agreed Citation	Improper advertisement
Comas Montgomery Rlty & Auct Co Inc	4/16/2002	\$100.00	Agreed Citation	Improper advertisement
Alley Auction Inc	4/17/2002	\$300.00	Agreed Citation	Improper advertisement
Furrow Auction Co	4/18/2002	\$300.00	Agreed Citation	Improper advertisement
Allstate Auction & Real Estate Co	4/18/2002	\$100.00	Agreed Citation	Improper advertisement
Clark Maples Auction Co	4/5/2002	\$100.00	Agreed Citation	Improper advertisement
Middle Tennessee Auction & Gallery Co	4/5/2002	\$500.00	Agreed Citation	Improper advertisement
Ralph B Handy	3/15/2002	\$500.00	Citation	Invalid auction activity
American Auction & Fixture Co Inc	3/15/2002	\$500.00	Citation	Invalid auction activity

A.S.I. EXAMINATIONS

By Lynn McGill

The services provided by A.S.I. have proven to be a success. Their professionalism in the administration of exams has been beneficial to the licensees, as well as the Commission Office.

The transition from pencil and paper, four times a year at one location, to that of computer testing offered most every day at various locations thru-out the state can be compared to the Stone Age versus High Tech.

ASICANDIDATE SATISFACTION EXIT SURVEY 1/1/02 THRU 3/31/02		Very Satisfied	Satisfied	No Opinion	Dissatisfied	Very Dissatisfied	Total	Satisfaction Index
Reservation Process	Count	20	25	3	2	1	51	94.12%
	% of Respondents	39.22%	49.02%	5.88%	3.92%	1.96%	100.00%	
Test Center Easy to Locate	Count	18	26	3	3	1	51	92.16%
	% of Respondents	35.29%	50.98%	5.88%	5.88%	1.96%	100.00%	
Test Center Conducive to Testing	Count	35	16	0	0	0	51	100.00%
	% of Respondents	68.63%	31.37%	0.00%	0.00%	0.00%	100.00%	
Test Center Personnel	Count	30	16	5	0	0	51	100.00%
	% of Respondents	58.82%	31.37%	9.80%	0.00%	0.00%	100.00%	
Test Center Registration Process	Count	26	20	3	2	0	51	96.08%
	% of Respondents	50.98%	39.22%	5.88%	3.92%	0.00%	100.00%	
Testing System Ease of Use	Count	22	25	3	0	1	51	98.04%
	% of Respondents	43.14%	49.02%	5.88%	0.00%	1.96%	100.00%	
Testing System Operation	Count	23	26	1	1	0	51	98.04%
	% of Respondents	45.10%	50.98%	1.96%	1.96%	0.00%	100.00%	
Overall Satisfaction with Testing Process	Count	21	26	2	2	0	51	96.08%
	% of Respondents	41.18%	50.98%	3.92%	3.92%	0.00%	100.00%	

Is Your Name on This List?

List of returned mail for incorrect address:

Barron, Thomas	McCabe, Jan
Blevins, William	Mandel, Harvey
Brooks, Randell	Melhorn, Charles
Cannon, Benjamin	Miller, Steve
Carter, Lori	Pulliam, Randall
Cole, Arthur III	Vilsmeier, Frederick
Colvin, Douglas	Scudder, D. Jason
Copeland, Lloyd	Stewart III, Daniel
Daniels, Jim	Tivin, Erik M.
Dixon, John	Turner, Robert R.
Fabian Jr., Stephen	
Gaines, Steve	
Griffin, William	Returned Firm Mail
Holden, Donnie	Grand Junction (Mac L.
Holt, W. Danny	Horn)
Hunter, C. James	
Jones, D. Ronald	New License Returned
Jones Jr., Ocal	Ball, George K.
Knopp, Ronald	Jacobs, James II
McAtee II, Charles	Lewis, John
McAtee, E. Patricia	

If any of these licensees are known to you, please advise them to contact the TAC immediately.



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"The Tennessee Department of Commerce and Insurance is committed to principals of equal opportunity, equal access, and affirmative action." Contact the EEO Coordinator or ADA Coordinator (615) 741-2177 (TDD).

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE & INSURANCE
TENNESSEE AUCTIONEER COMMISSION
500 JAMES ROBERTSON PARKWAY
DAVY CROCKETT TOWER, 6TH FLOOR
NASHVILLE, TENNESSEE 37243-1152
615-741-3236 615-741-1245 (Fax)
www.state.tn.us/commerce/auction

Continuing Education Seminar June 17, 2002 Jackson, TN

The next scheduled TAC-sponsored seminar will be held on Friday, June 17, 2002 at the Comfort Inn in Jackson, Tennessee. Pre-registration is not required.

Topic: "Review of Tennessee Auction License Law"
Location: Comfort Inn - Ballroom
1963 Highway 45 Bypass, Jackson, TN
Time: 8:00 a.m. - 3:00 p.m.
Hours: Six (6) hours continuing education credit

Hotel Info: Comfort Inn Reservations
1-800-850-1131
731-664-6940

From Inter-state 40, take Exit 80-A, turn right at traffic light. Adjacent to Casey Jones Village.

